

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6559

BILL NUMBER: HB 1120

NOTE PREPARED: Dec 31, 2023

BILL AMENDED:

SUBJECT: Property Taxes.

FIRST AUTHOR: Rep. Thompson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Veteran's Deduction:* This bill increases the assessed value (AV) limit for the disabled veteran property tax deduction from \$200,000 to \$240,000.

Referendum Tax: The bill extends the current cap on operating referendum tax that may be levied by a school corporation to taxes first due and payable in 2025 at not more than 3% over the maximum operating referendum tax that the school corporation could have levied in the previous year using the maximum referendum rate for that year.

Redevelopment Commissions: This bill adds a provision to allow a redevelopment commission to expend revenues from its allocation fund that are allocated for police and fire services on both capital expenditures and operating expenses as authorized in the 2023 session in House Bill 1454.

Township Firefighting/EMS: The bill provides that, if a township transitions from a single township firefighting and emergency services fund to two separate funds as authorized under current law, the township legislative body must approve a transfer of the remaining cash balance from the single fund to the two new separate funds and determine the amounts attributable to each fund.

Effective Date: Upon passage; January 1, 2023 (retroactive); January 1, 2024 (retroactive); July 1, 2024.

Explanation of State Expenditures: *Department of Local Government Finance (DLGF):* This bill will add additional workload for the DLGF in CY 2024 when certifying school operating referendum tax rates and levies. The agency's current level of resources should be sufficient to implement this provision.

Explanation of State Revenues:

Explanation of Local Expenditures: *Redevelopment Commissions:* Under current law, redevelopment commissions are permitted to expend revenues from a TIF district that are allocated for police and fire services on both capital expenditures and operating expenses. This provision specifies that the expenditures may be made from the allocation fund.

Explanation of Local Revenues: *Veteran's Deduction:* Beginning with taxes payable in CY 2025, this provision will result in an increase in the number of disabled veterans who may qualify for the deduction. Based on current claim rates and homestead values, an estimated additional 5,800 veterans could claim about \$81 M in AV deductions worth about \$1.7 M in taxes. The new deductions will cause tax rates to rise, resulting in tax shifts to other taxpayers to the extent that tax bills do not exceed the tax caps. Some of the tax shift will result in revenue losses to taxing units through higher tax cap credits.

Referendum Tax: The bill will limit the growth in school operating referendum levies in CY 2025. The 2025 maximum levy for an operating referendum fund will be capped at 103% of the maximum levy that would have resulted in 2024 if a school corporation would have imposed the maximum tax rate (as adjusted under the current law growth limit for 2024). This limit applies to only referenda that were passed before 2023.

In 2024, 61 school corporations have a total of 62 school operating referendum levies that were passed prior to 2023. Based on AV growth estimates, it is estimated under this proposal that these school corporations will have CY 2025 maximum operating referendum levies that total \$86.7 M less than under current law. *[A list of school corporations with operating referendum funds passed prior to 2023 is shown as Appendix A.]* If the reduced operating referendum maximum levy leads to reduced levies, then school revenues will be reduced as compared to current law. Since referendum funds are not subject to tax caps, this provision will have no tax cap impact.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County auditors; Civil taxing units and school corporations; Redevelopment districts.

Information Sources: LSA Property Tax Database; Local Government Database, Department of Local Government Finance.

Fiscal Analyst: Bob Sigalow, 317-232-9859.

Appendix A.

Estimated CY 2025 School Operating Referendum Maximum Levy Change					
Corp	School Corporation	2024 Estimated Max Levy @ Adjusted Maximum Rate	2025 Estimated Max Levy @ Authorized Rate	2025 Estimated Max Levy Proposed	2025 Potential Reduction of Max Levy
0125	MSD of SW Allen County	6,511,775	7,682,700	6,707,100	975,600
0365	Bartholomew Con School Corp	8,361,732	10,156,200	8,612,600	1,543,600
0395	Benton Community School Corp	4,314,812	5,146,400	4,444,300	702,100
0630	Zionsville Community Schools	10,636,619	13,560,300	10,955,700	2,604,600
0665	Lebanon Community School Corp	3,492,529	6,036,500	3,597,300	2,439,200
1150	Clinton Central School Corp	630,550	789,400	649,500	139,900
1315	Barr-Reeve Com Schools Inc	1,038,661	1,241,900	1,069,800	172,100
2040	Northeast Dubois County Sch Corp	724,598	858,600	746,300	112,300
2100	Southeast Dubois County School Corp	984,224	1,152,800	1,013,800	139,000
2285	Wa-Nee Community School Corp.	1,469,584	1,766,200	1,513,700	252,500
2315	Goshen Community Schools	4,747,759	6,431,600	4,890,200	1,541,400
3030	Westfield-Washington Schools	8,724,700	11,880,600	8,986,400	2,894,200
3055	Sheridan Community Schools	1,261,240	1,602,500	1,299,100	303,400
3060	Carmel Clay Schools	19,725,207	28,300,600	20,317,000	7,983,600
3070	Noblesville Schools	17,540,761	23,519,800	18,067,000	5,452,800
3135	Mt Vernon Community Sch Corp	3,037,373	4,741,400	3,128,500	1,612,900
3160	Lanesville Community School Corp	482,118	565,300	496,600	68,700
3315	Avon Community School Corp.	14,346,898	18,595,900	14,777,300	3,818,600
4145	Clark-Pleasant School Corp.	2,428,196	3,535,800	2,501,000	1,034,800
4215	Edinburgh Community School Corp	862,866	924,500	888,800	35,700
4225	Franklin Community School Corp.	4,609,790	5,571,700	4,748,100	823,600
4515	Prairie Heights School Corp.	2,266,275	2,637,000	2,334,300	302,700
4525	Westview School Corporation	4,694,329	5,674,400	4,835,200	839,200
4580	Hanover Community School Corp	4,483,257	5,471,100	4,617,800	853,300
4590	River Forest Community Sch Corp	2,665,024	2,862,800	2,745,000	117,800
4615	Lake Central School Corporation	9,692,994	11,642,000	9,983,800	1,658,200
4660	Crown Point Community School Corp.	7,774,884	9,013,500	8,008,100	1,005,400
4680	Lake Station Community Schools	1,302,023	1,515,700	1,341,100	174,600
4690	Gary Community School Corporation	10,752,650	14,569,600	11,075,200	3,494,400
4700	Griffith Public School Corporation	3,062,872	3,502,300	3,154,800	347,500
4710	School City of Hammond	13,896,588	16,256,400	14,313,500	1,942,900
4730	School City of Hobart	2,492,281	2,878,800	2,567,000	311,800
4740	School Town of Munster	8,510,998	10,715,000	8,766,300	1,948,700
5275	Anderson Community School Corp.	2,175,370	2,531,700	2,240,600	291,100
5300	M S D Decatur Township	6,790,457	8,573,900	6,994,200	1,579,700
5340	M S D Perry Township	21,808,058	24,469,900	22,462,300	2,007,600
5360	M S D Warren Township	7,651,197	8,496,000	7,880,700	615,300
5370	MSD Washington Township (#1)	8,421,608	9,110,500	8,674,300	436,200
5370	MSD Washington Township (#2)	19,140,019	20,705,700	19,714,200	991,500
5375	M S D Wayne Township	14,300,192	16,542,700	14,729,200	1,813,500
5380	Beech Grove City Schools	3,366,398	3,991,800	3,467,400	524,400
5385	Indianapolis Public Schools	31,637,615	45,044,800	32,586,700	12,458,100
5455	Culver Community School Corp.	1,764,339	2,167,900	1,817,300	350,600
5480	Bremen Public Schools	389,097	438,800	400,800	38,000
5740	Monroe County Com Sch Corp	16,261,996	19,209,100	16,749,900	2,459,200
5910	Eminence Community School Corp	862,949	987,800	888,800	99,000
6340	Cannelton City Schools	81,715	85,900	84,200	1,700

Appendix A.

Estimated CY 2025 School Operating Referendum Maximum Levy Change					
Corp	School Corporation	2024 Estimated Max Levy @ Adjusted Maximum Rate	2025 Estimated Max Levy @ Authorized Rate	2025 Estimated Max Levy Proposed	2025 Potential Reduction of Max Levy
6460	MSD Boone	711,464	787,300	732,800	54,500
6470	Duneland School Corporation	7,695,097	9,013,700	7,925,900	1,087,800
6530	Union Township School Corp	1,849,928	2,073,500	1,905,400	168,100
6560	Valparaiso Community Schools	5,402,078	5,821,800	5,564,100	257,700
7200	School City of Mishawaka	2,567,730	2,841,500	2,644,800	196,700
7205	South Bend Community Sch Corp	24,353,231	32,002,000	25,083,800	6,918,200
7495	Oregon-Davis School Corp.	854,007	987,900	879,600	108,300
7610	Hamilton Community Schools	2,383,618	2,989,600	2,455,100	534,500
7875	West Lafayette Com School Corp	4,451,968	8,551,700	4,585,500	3,966,200
8030	Vigo County School Corporation	7,242,754	8,154,600	7,460,000	694,600
8355	Western Wayne Schools	474,639	582,900	488,900	94,000
8425	Southern Wells Com Schools	571,940	660,900	589,100	71,800
8525	Frontier School Corporation	1,082,852	1,300,100	1,115,300	184,800
8535	Tri-County School Corp	2,142,543	2,988,500	2,206,800	781,700
8625	Smith-Green Community School Corp.	2,862,325	3,239,600	2,948,200	291,400
	Total	386,823,351	485,151,400	398,428,100	86,723,300